

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION FREE CONFERENCE COMMITTEE ON HOUSE BILL 2

Call to Order: By **CHAIRMAN BOB KEENAN**, on April 10, 2001 at 8:40 A.M., in Room 317-A Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Rep. Steve Vick, Vice-Chairman (R)
Sen. Linda Nelson (D)
Sen. Tom Zook (R)
Rep. Matt McCann (D)
Rep. Dave Lewis (R)

Members Excused: None.

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Clayton Schenck, Legislative Fiscal Analyst
Taryn Purdy, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.
Transcribed by Prudence Gildroy.

Committee Business Summary: HB 2

CHAIRMAN BOB KEENAN advised that with all the bills that were still in process that an organizational meeting would be held.

Clayton Schenck, Legislative Fiscal Analyst, provided an overview. He explained the handout of the state budget summary (pre-conference committee) **EXHIBIT(frs81hb0002a01)**. He explained the procedure would be to consider amendments while awaiting action on HB 124, SB 176 and SB 445. There would then be large amendments to update HB 2 for those and other bills passed in the remaining days. Amendments being considered were requested by committee members, the budget office, agencies and other legislators and would be considered by section. He explained conceptual amendments were possible. He asked that the outcome

of votes on amendments be clearly announced. It would take two votes from each house to pass an amendment. He explained the general fund status sheet would provide the committee an idea of where bills were and potential impacts of fiscal notes.

EXHIBIT (frs81hb0002a02)

Questions from the Committee and Responses:

SEN. LINDA NELSON asked about the process involved in offering an amendment and if it was acceptable to ask someone from a department to speak to the amendment. **CHAIRMAN KEENAN** advised yes.

REP. MATT MCCANN asked about the next scheduled meeting. **CHAIRMAN KEENAN** advised there would be no meeting until the outcome of the Big Bill and HB 121 was known.

REP. STEVE VICK asked about the status of those bills. **Jim Standaert, Legislative Fiscal Division**, explained HB 121 had three contingencies in it and depended on the passage of SB 495 and SB 390. SB 390 would create a flex account if the money was there of about \$5.4 million. If both bills passed, HB 121 would cost about \$31 million. If neither passed, the cost would be about \$21 million. Both numbers were higher than what was in HB 2 currently, about \$15.3 million. The passage of HB 121 would add to that amount. **REP. VICK** asked if HB 121 stayed as it was, if about \$6 million would be added to HB 2 because the rest of the funding was contingent on the other two bills. **Mr. Standaert** said that was correct. If the two other bills passed, about \$10 million more would be added. SB 495, the mineral royalty bill, would supposedly bring in about \$10 million or more. **REP. VICK** asked about the fiscal impact of SB 495. He wondered if that was accounted for in the \$10 million.

Terry Johnson, Legislative Fiscal Division, advised that SB 495 showed a general fund impact of a negative \$2.7 million on the current general fund status sheet. He contended that the way the bill was currently drafted that there was a one-year lag in terms of the payment of interest back to the general fund account. The \$2.7 million would be a revenue reduction of interest earnings to the general fund. In addition to SB 495, there was approximately \$10.5 million of additional royalty payments going into the new school equalization account. He also contended that \$2.7 million in interest lost to the general fund would be \$2.7 million gained to the new school equalization account.

SEN. TOM ZOOK asked about the status sheet and HB 124 showing no fiscal impact. He noted SB 636 could be struck as the bill was dead. SB 176 and SB 339 also showed no impacts. He asked for

ball park figures. **Mr. Johnson** then explained the status sheet to the committee. (Exhibit 2) He noted that HB 3 showed an impact of \$39.4 million. The Senate Taxation Committee added back \$1.8 million into the revenue estimates for FIMA reimbursements. That would show as an expenditure. HB 9 appropriated \$300,000 to Cultural and Aesthetics grant projects. He characterized that as present law and it was built into the present law budget analysis. There would be an adjustment to the next status sheet so that item would not be double counted. HB 121 would add \$15.1 million and SB 495 would add at least \$10 million. The flex account of \$5.4 million in SB 390 was not covered in the status sheet. HB 357 was killed so there was \$250,000 there. HB 617 was tabled in Senate Taxation Committee. SB 2 would cost \$655,000. He had been told the fiscal impact of that no longer existed. SB 73 depended on the fate of HB 124. If HB 124 passed, the \$1.9 million related to SB 73 would go away. He advised SB 191 and SB 393 would go together and one had passed and one was pending. SB 220 had been killed so the impact of \$1.3 million was going away. An amendment was offered on the Senate floor that took some of the TANF money to pay for the earned income tax credit. Based on the amendment, there could be some adjustments made to HB 2 to restore those TANF funds. SB 245 was amended and the impact reduced by about \$700,000. The impact of SB 489 would have a positive impact of \$2.7 million. The key would be language in HB 2 that specified if the bill passed, the Corrections Budget would be adjusted downward by \$4 million. That would have to be incorporated depending on what happened to that bill. Additionally, he pointed out three energy bills that had just shown up on the status sheet, SB 505, SB 506 and HB 632. The combined impact of those bills was a net revenue reduction of about \$5.5 to \$6 million. He advised the total adjustment would be about \$8.6 million bringing the fund balance back up to about \$42.2 million. That did not include the positive impact of HB 124. If HB 124, SB 176 and SB 339 passed, there would be about a \$12 million positive gain. He advised HB 14 was not on the status sheet. **REP. MATT MCCANN** advised the impact of HB 14 would be \$2.2 million. *{Tape : 1; Side : B}*

Chuck Swysgood, Director, OBPP, commented on the \$42.2 million balance. He cautioned that although HB 124 would have an \$11 million positive impact to the general fund in the first year of the biennium, it would have a negative aspect and cost from thereon. He noted energy bills could have an impact.

REP. VICK asked about the \$42.2 million and if that did not count the fiscal impact of the energy bills. **Mr. Johnson** replied that the impact of those bills were counted. He said the key to the positive impact was **SEN. FRED THOMAS's** bill of \$10.5 million.

REP. VICK inquired if the \$5 million that would need to go into

HB 121 was included in the \$42.2 million. **Mr. Johnson** affirmed it was included in the set of adjustments.

SEN. NELSON asked for clarification. **Mr. Johnson** clarified the \$42.2 million did not include three bills characterized as overall local government funding, HB 124, SB 176, and SB 339.

ADJOURNMENT

Adjournment: 10:00 P.M.

SEN. BOB KEENAN, Chairman

PAULA BROADHURST, Secretary

BK/PB/PG

Transcribed by Prudence Gildroy

EXHIBIT (frs81hb0002aad)